UNCLASSIFIED

Department of State

INCOMING TELEGRAM

PAGE 01 WELLIN 02476 130454Z 2591

ACTION EA-12

INFO OCT-01 INR-10 EB-08 MMO-01 /032 W

312555 130456Z /15

O 130442Z MAY 81
FM AMEMBASSY WELLINGTON
TO USINFO WASHDC IMMEDIATE
INFO SECSTATE WASHDC 2212
CINCPAC HONOLULU

UNCLAS WELLINGTON 02476

USICA

USICA FOR PGM/RC, PGM/P, PGM/FW, PGM/FN, VOA NEWS/CA.
STATE FOR EA/ANZ, CINCPAC FOR USICA ADVISOR

EO12065: N/A
SUBJECT: MEDIA REACTION: THE DUMPING OF U. S. BUTTER

1. THE "PRESS" COMMENTED IN ITS EDITORIAL ON MAY 12, 1981 UNDER THE HEADING 'DUMPING OF U S BUTTER.'

2. "THE PROBLEM THAT VASTLY INCREASED EXPORTS OF BUTTER FROM THE UNITED STATES WOULD BRING NEW ZEALAND LIES BOTH IN SUPPLY AND PRICE. THE UNITED STATES IS LIKELY TO SELL ITS SURPLUS BUTTER TO COUNTRIES WHICH NEW ZEALAND MIGHT HAVE SUPPLIED. ASSURANCES FROM THE UNITED STATES THAT THIS IS UNLIKELY TO HAPPEN CANNOT BE TAKEN AS THE LAST WORD ON THE SUBJECT: PART OF THE AMERICAN PLAN APPEARS TO BE TO TURN THE SUPPLIES OVER TO PRIVATE FIRMS, WHICH WOULD DOUBTLESS RESENT ANY INTERFERENCE FROM THE AMERICAN GOVERNMENT ABOUT WHERE THEY SHOULD SELL THE BUTTER. ALMOST CERTAINLY THE UNITED STATES BUTTER SUPPLIES WOULD START TO PENETRATE MARKETS WHICH THE TRADITIONAL BUTTER EXPORTERS CONSIDER THEIR OWN. IF THIS WERE ALL A MATTER OF FREE COMPETITION IT WOULD NOT BE SO IMPORTANT; IN FACT THE BUTTER SUPPLIED BY THE UNITED STATES WOULD BE HEAVILY SUBSIDISED BY THE AMERICAN TAXPAYER. NEW ZEALAND, WHICH SUPPLIES ABOUT A THIRD OF THE WORLD DAIRY EXPORT TRADE, ALREADY HAS TO COPE WITH THE SUBSIDIES-PAID THROUGH THE COMMON AGRICULTURAL POLICY IN EUROPE. IF THE UNITED STATES PUSHED AHEAD WITH ITS PROPOSALS, NEW ZEALAND WOULD HAVE TO FACE COMPETITION SUBSIDISED BY TWO OF THE STRONGEST ECONOMIES IN THE WORLD. IF THE UNITED STATES DUMPS BUTTER, IT WILL ALSO STRENGTHEN THE HANDS OF THE COUNTRIES THAT ALREADY ENGAGE IN DUMPING.

3. "AMERICAN BUSINESSES HAVE BEEN LOOKING QUESTIONINGLY AT EXPORT INCENTIVES IN NEW ZEALAND; THIS COUNTRY HAS CAUSE TO LOOK BACK WITH DISAPPROVAL AT SUBSIDISED, DUMPED EXPORTS. THE DUMPING OF MANUFACTURED GOODS ON INTERNATIONAL MARKETS IS DISCOURAGED IN VARIOUS WAYS; THAT NO SIMILAR MECHANISM HAS BEEN DEVELOPED FOR AGRICULTURAL PRODUCE IS PART OF THE UNFAIR DISCRIMINATION BETWEEN INDUSTRIAL TRADE AND AGRICULTURAL TRADE SANCTIONED BY THE WORLD TRADING COMMUNITY." BELL

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY _____ DATE 4/11/84
XDS ☐ or XDS ☐ EXT. DATE _____
TS AUTH. _____ REASON(S) _____
ENFORCE EXISTING MARKINGS
DECLASSIFIED ☐ RELEASABLE ☑
RELEASE DENIED ☐
PA or FOI EXEMPTIONS _____

UNCLASSIFIED